

**LOCAL MUNICIPALITY**

**LEKWA**

**FINANCIAL STATEMENTS**

~~2007/2008~~



## **LEKWA LOCAL MUNICIPALITY**

### **GENERAL INFORMATION**

#### **MEMBERS OF MAYORAL COMMITTEE**

JQ Hadebe - Khumalo	Executive Mayor (Chairperson)
D Mayet	MMC Development and planning
N Mavuso	MMC Technical Services
EV DIEDERICKS	MMC Corporate services
N MTHEMBU	MMC Community services and safety

#### **GRADING OF LOCAL AUTHORITY**

Grade 3

#### **AUDITORS**

Auditor General

#### **BANKER**

First National Bank

#### **REGISTERED OFFICE**

CNR Dr Beyers Naude and  
Mbonani Mayisela Street  
STANDERTON  
2430

PO BOX 66  
STANDERTON  
2430

#### **MUNICIPAL MANAGER**

MC Ngobeni

#### **CHIEF FINANCIAL OFFICER**

KL Khuzwayo

**LEKWA LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
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**COUNCILLORS**  
**LEKWA LOCAL MUNICIPALITY**

WARD	NAME	DESIGNATION	POLITICAL AFFILIATION
1	MS Radebe	WARD COUNCILLOR	ANC
2	AT Ndlovu	SPEAKER	ANC
3	NJ Maseko	WARD COUNCILLOR	ANC
4	D Mayet	Member of Mayoral Committee	ANC
5	J B Mothopeng	WARD COUNCILLOR	ANC
6	E N K Shabangu	WARD COUNCILLOR	ANC
7	TC Ndlovu	WARD COUNCILLOR	ANC
8	AJ Brits	WARD COUNCILLOR	DA
9	V J Mashinini	WARD COUNCILLOR	ANC
10	H van der Merwe	WARD COUNCILLOR	DA
11	P T Schnetler	WARD COUNCILLOR	DA
12	M Gwadiso	WARD COUNCILLOR	ANC
13	WP N Dlamini	WARD COUNCILLOR	ANC
14	J Q Radebe-Khumalo	EXCUTIVE MAYOR	ANC
PR	ML Molaba	COUNCILLOR	ANC
PR	MD Rakitla	COUNCILLOR	ANC
PR	SA Maboea	COUNCILLOR	ANC
PR	NZE Sitshoni	COUNCILLOR	ANC
PR	EV Diedericks	Member of Mayoral Committee	ANC
PR	NQ Mavuso	Member of Mayoral Committee	ANC
PR	F Sarang	COUNCILLOR	ANC
PR	GS Mpanza	COUNCILLOR	ANC
PR	N Mthembu	Member of Mayoral Committee	ANC
PR	SM Zacarias	COUNCILLOR	ANC
PR	JR De Ville	COUNCILLOR	DA
PR	D Nhlapo	COUNCILLOR	UDM
PR	D Louw	COUNCILLOR	VF

## **LEKWA LOCAL MUNICIPALITY ACCOUNTING POLICIES**

### **1. Basis of presentation**

1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasures and Accountants in its Code of Accounting Practice (1997) and Report on the Standardization of Annual Financial Statements of Local Authorities (second edition - January 1996); as amended

1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3.

1.3 The financial statements are prepared on the modified accrual basis as stated:

- Income is accrued when its due, collected, measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licenses.
- Expenses are accounted for when incurred and expensed in the income statement and unpaid expenses at year end are accounted for as liabilities in the balance sheet.

### **2. Consolidation**

The financial statements include the Rate and General services, Housing service, Trading services and the different funds and provisions. All the funds that were created in previous years have been written off since they are not cash backed funds.

### **3. Fixed assets**

3.1 Fixed assets are stated:

- at historical cost, or
- at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.

3.2 Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant of donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed property are credited to the Land Trust Fund.  
Net proceeds from the sale of all other assets are credited to the Capital Development Fund

3.4 Fixed assets are financed from different sources, including external loans, operating income,

endowments, internal advances and Grants. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

#### 4. Inventory

Inventory is valued at the lower cost, determined on the weighted average basis, and net realizable value.

#### 5. Funds and Reserves

##### 5.1 Capital Development Fund

The Capital Development Fund Ordinance No. 25 of 1974, requires minimum contribution of 3,0 percent of the defined income of a local authority. The fund is used to finance capital expenditure, and surplus invested as per The act. However in view of these fund not being cash backed as well as the introduction of GAMAP/GRAP the application of the fund and the contribution from the income has not been applied or made to the fund.

##### 5.2 Loan Redemption Fund

The redemption of equity stock in the Consolidated Loans Fund is provided for the annual repayment of advances made to the borrowing accounts calculated on the estimated life of assets acquired but subject to a limitation of a maximum of 30 years on the life of any individual asset. Internal loans are repaid in relation to the life of an asset. Redemption on government loans is paid half yearly on an annuity basis.

#### 6. Investments

Investments are shown at cost or market value if a permanent decline in the value, and are invested as prescribed by Municipal Finance Management Act

#### 7 Provisions

##### 7.1 Audit Fees

The provision balance is stated at the estimated cost at the year end, where in the comparison with prior year's expenditure must have been made to have been made.

##### 7.2 Bad Debts

Bad debts are provided for at 30% of the total debts outstanding as at year end.

##### 7. 3 Salaries (Leave Provisions)

The leave provisions balance is stated at the estimated cost due to the number of leave days due at year end. Any number of leave days exceeding the limit of 48 days as prescribed in the conditions of service and where in there is no formal arrangement or agreement with the employer those leave days are forfeited as prescribed.

#### 8. Income recognition

##### 8.1 Assessment Rates

Assessment rates are levied on land, dwellings and business buildings only. The assessment rates are approved by Concil during the budget preparation process of the succeeding year. The Council maintains the rates policy that serves as the guideline ad the implementing tool for the period of its validity.

##### 8.2 Electricity



The municipality charges the different electricity tariff charges for different electricity users, the tariff increase is approved by Council during budget preparation process as prescribed by the MFMA; further Electricity Energy Regulatory Council of South Africa (NERSA) approves the electricity tariffs.

### 8.3 Other revenue

The municipality approves the tariff increases annually during the budget preparation process; the approved tariffs are applicable for the financial year under review where after no further increases can then be made except where provisions of MFMA are met.

**BALANCE SHEET SECTION  
FOR LEKWA LOCAL MUNICIPALITY  
AS AT 31 AUGUST 2008**

	<b>NOTES</b>	<b>2008/2009</b>	<b>2007/2008</b>
<b>CAPITAL EMPLOYED</b>			
		74 117 928	74 120 130
Retained Fund	1	74 117 928	74 120 130
Reserves	2	0	0
UNAPPROPRIATED SURPLUS/(DEFICIT)	16	<b>100 167 673</b>	<b>87 483 109</b>
TRUST FUNDS	3	0	0
LONG TERM LIABILITIES		<b>8 447 489</b>	<b>6 351 839</b>
Long term liabilities	4	8 447 489	6 351 839
<b>CONSUMER DEPOSIT</b>			
	11.1	2 235 492	2 232 062
		<b>184 968 582</b>	<b>170 187 139</b>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	5	50 589 400	50 589 399
INVESTMENTS	6	0	0
LONG TERM DEBTORS	7	0	0
		<b>50 589 400</b>	<b>50 589 399</b>
<b>CURRENT ASSETS</b>			
		<b>152 135 037</b>	<b>158 701 006</b>
Debtors	9	135 719 355	131 143 314
Short-term Portion Investments	6	11 984 563	25 081 028
Stock	8	3 043 274	2 473 664
Petty Cash and Bank	21	1 387 845	3 000
<b>CURRENT LIABILITIES</b>			
		<b>17 755 858</b>	<b>39 103 269</b>
Provisions	10	5 977 189	5 810 279
Bank (Overdraft)	21	0	4 466 136
Short-term Portion of Long-Term Liabilities	4		1 737 036
Creditors	11	<b>11 778 669</b>	<b>27 089 818</b>
		<b>184 968 579</b>	<b>170 187 135</b>

**INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2008  
FOR LEKWA LOCAL MUNICIPALITY**

<u>2007/2008</u>	<u>2007/2008</u>	<u>2007/2008</u>		<u>2008/2009</u>	<u>2008/2009</u>	<u>2008/2009</u>	<u>2008/2009</u>	<u>2008/2009</u>
ACTUAL INCOME R	ACTUAL EXPENDITURE R	SURPLUS/ (DEFICIT) R		BUDGET R	ACTUAL INCOME R	ACTUAL EXPENDITURE R	SURPLUS/ (DEFICIT) R	BUDGET SURPLUS/ (DEFICIT) R
<b>103 002 278</b>	<b>136 808 517</b>	<b>-33 806 239</b>	<b>RATE AND GENERAL SERVICES</b>	<b>115051076</b>	<b>30 523 762</b>	<b>21 661 309</b>	<b>8 862 454</b>	<b>84 527 314</b>
81 972 182	136 651 322	-54 679 140	Community Service	87 937 011	26 058 621	16 172 768	9 885 853	61 878 390
357 120	0	357 120	Subsidised Services	1 806 750	97 423	2 299 913	-2 202 490	1 709 327
20 672 975	157 195	20 515 780	Economic Service	25 307 315	4 367 719	3 188 629	1 179 090	24 128 225
<b>94 723 318</b>	<b>51 229 952</b>	<b>43 493 366</b>	<b>TRADING SERVICES</b>	<b>88 387 230.00</b>	17 072 924	13 554 039	3 518 885	
<b>197 725 595</b>	<b>188 038 469</b>	<b>9 687 127</b>	<b>TOTAL</b>	<b>203 438 306.00</b>	<b>47 596 687</b>	<b>35 215 348</b>	<b>12 381 338</b>	
		54 572 046	Appropriations for the year				298 009	
		64 259 173	<b>NET SURPLUS/ (DEFICIT) FOR THE YEAR</b>				12 679 347	
		23 223 936	Accumulated surplus(Deficit) at the beginning of the year				87 483 109	
		<u>87 483 109</u>	<b>UNAPPROPRIATED SURPLUS/ (DEFICIT) AT THE END OF THE YEAR</b>				<u>100 162 456</u>	

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2008  
FOR LEKWA LOCAL MUNICIPALITY**

		2008/2009	2007/2008
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>			
Cash generated by operations	17	15 211 682	-23 883 669
Investment Income	15	3 405 054	15 966 494
(Increase) Decrease in Working Capital	18	-11 304 718	-31 051 440
		<b>7 312 018</b>	<b>-38 968 615</b>
Less: External Interest Paid	15	0	689 484
<b>Cash Available from Operations</b>	<b>0</b>	<b>7 312 018</b>	<b>-38 279 131</b>
Contribution by Government and Public		20 683 420	31 708 000
<b>CASH UTILISED IN INVESTING ACTIVITIES:</b>			
Investment in Fixed Assets		0	-24 447 051
<b>NET CASH FLOW</b>	<b>0</b>	<b>27 995 438</b>	<b>-31 018 182</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase/(Decrease) in Long-term loans	19	358 614	-8 657 774
Increase/(Decrease) in cash investments	20	-13 096 465	-5 581 854
Increase/(Decrease) in cash	21	5 847 982	42 972 213
<b>Net Cash (Generated)/ Utilised</b>	<b>0</b>	<b>-6 889 869</b>	<b>28 732 585</b>

**LEKWA LOCAL MUNICIPALITY**

NOTE NO. **NOTES TO HE FINANCIAL STATEMENTS AS AT 31 AUGUST 2008**

	2009 R	2008 R
<b>1 ACCUMULATED FUNDS</b>		
Capital Development Fund	49 990 375	49 990 375
Land Trust Fund	24 127 553	24 129 755
Insurance	0	0
Endowment	0	0
Busary Loans	0	0
Housing Development	0	0
	<b>74 117 928</b>	<b>74 120 130</b>
For more details refer to appendix A		
<b>2 RESERVES</b>		
Capital	0	0
Prepaid Meters	0	0
Library	0	0
	<b>0</b>	<b>0</b>
<b>3 TRUST FUNDS</b>		
Sport	0	0
Road subsidy	0	0
Job Creation	0	0
	<b>0</b>	<b>0</b>
<b>4 LONGTERM LIABILITY</b>		
Stock	0	0
Annuity loans	8 447 489	8 088 875
Less: short term portion		1 737 036
	<b>8 447 489</b>	<b>6 351 839</b>
Refer to appendix B for more details		
<b>5 FIXED ASSETS</b>		
Fixed assets at the beginning of the year	1 827 520 591	1 803 073 540
Fixed assets bought or received during the year	0	24 447 051
Less: Assets written off, transferred or disposed of during the year	0	0
<b>Total Fixed Assets</b>	<b>1 827 520 591</b>	<b>1 827 520 591</b>
Less: Loans redeemed and other capital receipts	1 776 931 192	1 776 931 192
<b>Net Fixed Assets</b>	<b>50 589 399</b>	<b>50 589 399</b>
Refer to appendix C for more details		

**LEKWA LOCAL MUNICIPALITY**

**NOTE NO. NOTES TO THE FINANCIAL STATEMENTS AS AT 31 AUGUST 2008**

	2009 R	2008 R
<b>6 INVESTMENTS UNLISTED</b>		
Short Term	<b>11 984 563</b>	<b>25 081 028</b>
Collateral	0	0
Long Term	0	0
	0	0
<b>TOTAL</b>	<b>11 984 563</b>	<b>25 081 028</b>
 <b>7 LONG TERM DEBTORS</b>		
Vehicle Loans	0	0
<b>Less: Short-term portion transferred to current assets</b>		
	<b>0</b>	<b>0</b>
 <b>8 MATERIAL</b>	<b>3 043 274</b>	<b>2 473 664</b>
Material	3 043 274	2 473 664
 <b>9 DEBTORS</b>		
Consumer debtors	169 990 827	159 745 968
Less: provision for bad debts	47 923 790	47 923 790
<b>Nett</b>	<b>122 067 037</b>	<b>111 822 178</b>
Sundry debtors	13 652 318	19 321 136
	<b>135 719 355</b>	<b>131 143 314</b>
 <b>10 PROVISIONS</b>		
Leave	4 878 294	4 878 294
Tax Relieve	0	0
Audit Fees	887 363	866 903
Internal Audit	49 998	
Other	161 534	65 081
	<b>5 977 189</b>	<b>5 810 279</b>
Debts		0

Refer to appendix A for more details

## LEKWA LOCAL MUNICIPALITY

NOTE NO. NOTES TO THE FINANCIAL STATEMENTS AS AT 31 AUGUST 2008

	2 009	2 008
	R	R
<b>11 CREDITORS</b>	<b>11 778 669</b>	<b>27 089 818</b>
Sundry	721 954	17 330 893
Other	11 056 715	9 758 925
<b>11.1 CONSUMER DEPOSITS</b>	<b>2 235 492</b>	<b>2 232 062</b>
Deposits	2 235 492	2 232 062
Consumers		
Other		
	<b>14 014 161</b>	<b>29 321 879</b>
<b>13 COUNCILLORS REMUNERATION</b>		
Councillor's Allowance	537 105	3 937 677
Pension Contributions	91 342	525 735
Medical Contributions	24 549	154 832
Travel Allowance	202 978	1 175 982
	<b>855 974</b>	<b>5 794 226</b>
<b>14 AUDIT FEES</b>	<b>887 363</b>	<b>866 903</b>
Audit Fees (Provision)	887 363	866 903
<b>15 FINANCING TRANSACTIONS</b>		
<b>External Interest</b>		
Interest earned	3 405 054	15 966 494
Interest Paid		689 484
<b>Interest</b>	<b>0</b>	<b>0</b>
External	0	0
Internal	0	0
<b>Redemption:</b>	<b>0</b>	<b>0</b>
<b>Internal advances</b>	<b>0</b>	<b>0</b>
<b>External Loans</b>	<b>0</b>	<b>0</b>
	<b>0</b>	<b>0</b>

LEKWA LOCAL MUNICIPALITY  
NOTE NO. NOTES TO THE FINANCIAL STATEMENTS AS AT 31 AUGUST 2008

	2009 R	2008 R
<b>16 APPROPRIATIONS</b>		
<b>Appropriation Account</b>		
Unappropriated surplus (Deficit) at the beginning of the year	87 483 109	23 223 934
Operating gain (Deficit) for the year	12 386 557	9 687 127
Appropriation for the year	298 009	54 572 048
Ammendments previous years	0	0
Unappropriated surplus (Deficit) at the end of the year	<b>100 167 675</b>	<b>87 483 109</b>
 <b>Operating Account:</b>		
Fixed Assets	0	0
	0	0
<b>Contribution to:</b>		
Capital development fund	0	1 807 490
Other Funds	-2 202	4 997 615
	<b>-2 202</b>	<b>6 805 105</b>
 <b>17 CASH GENERATED BY OPERATIONS</b>		
Operating gain/(Deficit) for the year	12 386 557	9 687 127
Previous years operating transactions	298 009	54 572 048
Appropriations debited against income	-2 202	6 805 105
Capital development fund	0	1 807 490
Other funds	-2 202	4 997 615
Fixed Assets	0	0
Capital Costs	0	9 296 184
<b>Interest Paid:</b>	0	393 007
External Loans		393 007
Interest funds	0	0
<b>Redemption of</b>	0	8 903 177
External Loans	0	8 903 177
Internal advances	0	0
	<b>3 120 931</b>	<b>37 102 542</b>
Investment Income (Operating)	2 954 021	2 954 021
	0	0
	0	0
<b>Non-Operating Expenditure charged against</b>		
Accrued funds	0	29 171 547
Trust funds	0	617 048
Reserves	0	491 024
Provisions	166 911	3 868 902
	<b>15 211 682</b>	<b>-23 883 669</b>



## LEKWA LOCAL MUNICIPALITY

## NOTE NO. NOTES TO THE FINANCIAL STATEMENTS AS AT 31 AUGUST 2008

	2009 R	2008 R
<b>18 (INCREASE)/ DECREASE IN OPERATING CAPITAL</b>		
(Increase)/ Decrease in material	-569 610	-493 981
(Increase)/Decrease in debtors	4 576 041	-4 563 472
Increase/ (Decrease) in creditors	-15 311 150	-25 993 987
	<b>-11 304 718</b>	<b>-31 051 440</b>
<b>19 INCREASE/ (DECREASE) IN LONG TERM LOANS</b>		
Loans at the gebinning of the year	-8 088 875	-16 746 649
Loans at the end of the year	8 447 489	8 088 875
	<b>358 614</b>	<b>-8 657 774</b>
<b>20 (INCREASE)/ DECREASE IN CASH INVESTMENTS</b>		
Investment at the beginning of the year	25 081 028	30 662 881
Investments at the end of the year	11 984 563	25 081 028
	<b>-13 096 465</b>	<b>-5 581 854</b>
<b>21 (INCREASE)/ DECREASE IN CASH ON HAND</b>		
Cash as at beginning of financial period	-4 466 136	-38 509 077
Petty Cash	3 000	3 000
Less: Cash balance as at end of financial period	1 384 845	4 466 136
	<b>5 847 982</b>	<b>42 972 213</b>
<b>22 PROVISION FOR LEAVE</b>		
<b>Leave Provision</b>	<b>4 878 294</b>	<b>4 878 294</b>
<b>23 SENIOR MANAGERS SALARIES</b>		
Accounting Officer	107 233	565 937
Chief Financial officer	97 117	515 664
Executive Manager: Corporate services	97 117	515 664
<b>Executive Manager: Technical services</b>	97 117	515 664
Executive Manager: Community services and saftey	97 117	515 664
Executive Manager: Land development and planning	388 467	343 776
	<b>884 167</b>	<b>2 972 369</b>
The salaries above are actuals as at year end		
<b>24 DISCLOSURE ON BANKING DETAILS</b>		
Name of the bank	First National Bank	
Type of Account	Cheque / Current account	
Opening Balance	-4 466 136	13 260 285
Closing Balance	1 387 845	-4 466 136

**APPENDIX A**  
**STATUTORY FUNDS, TRUST FUNDS AND RESEVES AS AT 31 AUGUST 2008**  
**FOR LEKWA LOCAL MUNICIPALITY**

	<b>BALANCE</b>	<b>CONTRIBUTIONS</b>	<b>INTEREST ON</b>	<b>OTHER</b>	<b>EXPENDITURE</b>	<b>BALANCE AT</b>
	<b>30/06/2008</b>	<b>2008/2009</b>	<b>INVESTMENTS</b>	<b>INCOME</b>	<b>2008/2009</b>	<b>30 August 2008</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>ACCUMULATED FUNDS</b>						
Capital Development Fund	49 990 375		0		0	49 990 375
Land Trust Fund	24 129 755		0		2 202	24 127 553
Insurance	0		0			0
Endowment	0		0			0
Bursary Loans	0		0			0
Housing Development	0		0			0
Sport Development	0					0
	<b>74 120 130</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 202</b>	<b>74 117 928</b>
<b>TRUST FUNDS</b>						
Sport	0					0
Road Subsidy	0					0
Job Creation	0					0
	<b>0</b>				<b>0</b>	<b>0</b>
<b>RESERVES</b>						
Capital	0					0
Prepaid Meters	0					0
Library	0					0
	<b>0</b>				<b>0</b>	<b>0</b>
<b>PROVISIONS</b>						
<b>General Provisions</b>						
Leave	4 878 294					4 878 294
Tax Relieve	0					0
Audit Fees	866 903	20 460				887 363
Internal Audit	0	49 998				49 998
Other	65 081	96 452				161 534
Fram AppB: Inc Contributions						
Sub-Total	<b>5 810 279</b>	<b>166 911</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 977 189</b>
<b>BAD DEBTS</b>						
	47 923 790	0				47 923 790
	<b>53 734 069</b>	<b>166 911</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53 900 979</b>
<b>TOTALS</b>	<b>133 664 478</b>	<b>333 821</b>	<b>0</b>	<b>0</b>	<b>2 202</b>	<b>133 996 097</b>

**APPENDIX B**

**EXTERNAL LOANS AND INTERNAL ADVANCES AS AT 31 AUGUST 2008  
FOR LEKWA MUNICIPALITY**

	<b>BALANCE AS AT 30-Jun-08</b>	<b>ADDITIONS RECEIVED DURING THE YEAR</b>	<b>ACCRUALS AT YEAR END</b>	<b>REDEEMED OR WRITTEN OFF DURING THE YEAR</b>	<b>BALANCE AS AT 30-Aug-08</b>
<b>EXTERNAL LOANS</b>					
Loans Fund	8 088 874.76	358 614.00	0.00	0.00	8 447 488.76
Annuity Loans					
ABSA: 30-6200-9593	15 140.69	0.00			15 140.69
ABSA: 60-6200-7123	15 808.27	0.00			15 808.27
DBSA: 12369 LALF 15316	237 216.46	0.00			237 216.46
DBSA: 12837 LALF 15470	287 776.21	0.00			287 776.21
DBSA: 13738/102 stanfielf hill water bulk	837 611.71	0.00			837 611.71
DBSA: 100198/1 Lekwa munic infrastr	6 695 321.42	0.00			6 695 321.42
Other Loans		358 614.00			358 614.00
Government Loans					0.00
<b>Sub-Total</b>	<b>8 088 874.76</b>	<b>358 614.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8 447 488.76</b>
<b>INTERNAL ADVANCES TO LOANS</b>					
Capital Development Fund	33 926 607.17	0.00			33 926 607.17
Consolidated Loans	10 823 567.62	0.00		0.00	10 823 567.62
Lands Trust	3 372 230.53	0.00		0.00	3 372 230.53
Housing Funds	47 996.08				47 996.08
<b>Sub-Total</b>	<b>48 170 401.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>48 170 401.40</b>
<b>Total</b>	<b>56 259 276.16</b>	<b>358 614.00</b>	<b>0.00</b>	<b>0.00</b>	<b>56 617 890.16</b>

**LEGEND:**    **TB**    Agrees to the Trial Balance

**APPENDIX C  
ANALYSIS OF FIXED ASSETS AS AT 31 AUGUST 2008  
FOR LEKWA LOCAL MUNICIPALITY**

EXPENDITURE	SERVICE	BUDGET	BALANCE ON	EXPENDITURE	WRITTEN OFF TRANSFERRED OR SOLD	BALANCE
2006/2007		1.00	30/06/2008	2008/2009	2008/2009	30 AUGUST 2008
	<b>RATE AND GENERAL SERVICES</b>					
<b>8 253 226.00</b>	<b>Community Services</b>		<b>1 554 620 178.78</b>	<b>0.00</b>	<b>0.00</b>	<b>1 554 620 178.78</b>
0.00	Alzalea		1 276 318.00	0.00	0.00	1 276 318.00
0.00	Personnel		2 480.83	0.00	0.00	2 480.83
0.00	Community Services		3 370 370.00	0.00	0.00	3 370 370.00
0.00	Health		689 307.57	0.00	0.00	689 307.57
0.00	Buildings		7 849 023.78	0.00	0.00	7 849 023.78
0.00	Works		32 725 397.95	0.00	0.00	32 725 397.95
0.00	Parking		14 938 532.07	0.00	0.00	14 938 532.07
0.00	Parking meters		188 104.40	0.00	0.00	188 104.40
0.00	Council and furniture		8 289 359.88	0.00	0.00	8 289 359.88
0.00	Donation		1 150.00	0.00	0.00	1 150.00
0.00	Town Engineer and promulgation		1 412 742 066.31	0.00	0.00	1 412 742 066.31
0.00	Secretary		26 160 387.17	0.00	0.00	26 160 387.17
0.00	Treasury		4 164 501.78	0.00	0.00	4 164 501.78
0.00	Town Clerk		218 216.78	0.00	0.00	218 216.78
5 679 885.00	Streets		25 004 358.77	0.00	0.00	25 004 358.77
0.00	Reserve		125 699.38	0.00	0.00	125 699.38
502 942.00	Sport Centre		1 639 450.61	0.00	0.00	1 639 450.61
0.00	Stanwest		13 595.00	0.00	0.00	13 595.00
0.00	Swimming Pool		613 415.19	0.00	0.00	613 415.19
0.00	Disposls		-162 450.00	0.00	0.00	-162 450.00
0.00	TOOLS AND EQUIPMENT		1 355 515.11	0.00	0.00	1 355 515.11
0.00	Disaster		31 680.59	0.00	0.00	31 680.59
0.00	Computer Equipment		6 602 736.91	0.00	0.00	6 602 736.91
68 573.00	Traffic		1 990 720.66	0.00	0.00	1 990 720.66
2 001 826.00	Other		4 790 240.04	0.00	0.00	4 790 240.04

<b>259 362.00</b>	<b>SUBSIDISED SERVICES</b>	<b>14 804 371.20</b>	<b>0.00</b>	<b>0.00</b>	<b>14 804 371.20</b>
0.00	Cemetery	2 890 331.06	0.00		2 890 331.06
0.00	Fixed Property	276 427.13	0.00	0.00	276 427.13
0.00	Fire Brigade	4 003 850.45	0.00	0.00	4 003 850.45
259 362.00	Trucks and tractors	6 490 598.49	0.00		6 490 598.49
0.00	Library	133 120.90	0.00		133 120.90
0.00	Clinic	1 010 043.17	0.00	0.00	1 010 043.17
<b>2 882 645.00</b>	<b>Economical Services</b>	<b>70 030 813.48</b>	<b>0.00</b>	<b>0.00</b>	<b>70 030 813.48</b>
0.00	Dam	787 990.04	0.00	0.00	787 990.04
0.00	Store	24 549.11	0.00	0.00	24 549.11
0.00	Taxi Rank	1 531 428.00	0.00	0.00	1 531 428.00
0.00	Licencing	2 098 760.89	0.00	0.00	2 098 760.89
0.00	Cleansing	3 099 061.40	0.00	0.00	3 099 061.40
0.00	Sewerage	22 825 580.20	0.00	0.00	22 825 580.20
0.00	Chalets	629 793.77	0.00	0.00	629 793.77
0.00	Land	375 726.13	0.00	0.00	375 726.13
0.00	Dumping Site	660 249.00	0.00	0.00	660 249.00
2 860 336.00	LED Project	4 480 284.70	0.00	0.00	4 480 284.70
22 309.00	Workshop	155 000.53	0.00	0.00	155 000.53
0.00	Sewerage	33 362 389.71	0.00	0.00	33 362 389.71
<b>5 203 958.00</b>	<b>HOUSING SERVICE</b>	<b>8 545 000.53</b>	<b>0.00</b>	<b>0.00</b>	<b>8 545 000.53</b>
5 203 958.00	Housing Sub Economic	5 420 083.00	0.00	0.00	5 420 083.00
0.00	Farm Purchases	3 124 917.53	0.00	0.00	3 124 917.53
<b>4 799 812.00</b>	<b>TRADING SERVICES</b>	<b>179 520 227.07</b>	<b>0.00</b>	<b>0.00</b>	<b>179 520 227.07</b>
4 489 106.00	Electricity	136 341 108.56	0.00	0.00	136 341 108.56
310 706.00	Water	43 179 118.51	0.00	0.00	43 179 118.51
<b>21 399 003.00</b>	<b>TOTAL FIXED ASSETS</b>	<b>1 827 520 591.06</b>	<b>0.00</b>	<b>0.00</b>	<b>1 827 520 591.06</b>
<b>21 021 312.00</b>	<b>LESS: LOANS REDEEMED AND OTHER CAPITAL F</b>	<b>1 776 931 192.18</b>	<b>0.00</b>	<b>0.00</b>	<b>1 776 931 192.18</b>
0.00	Loans redeemed	58 792 334.56	0.00	0.00	58 792 334.56
0.00	Housing Loans Redeemed	59 160.15	0.00	0.00	59 160.15
2 024 136.00	Contribution From Income	36 816 615.18	0.00	0.00	36 816 615.18
18 997 176.00	General Capital	1 681 263 082.29	0.00	0.00	1 681 263 082.29
<b>377 691.00</b>	<b>NETT FIXED ASSETS</b>	<b>50 589 398.88</b>	<b>0.00</b>	<b>0.00</b>	<b>50 589 398.88</b>

**APPENDIX D  
ANALYSIS OF OPERATING INCOME AND EXPENDITURE AS AT 31 AUGUST 2008**

<b>ACTUAL 2007/2008</b>		<b>ACTUAL 2008/2009</b>	<b>BUDGET 2007/2008</b>
	<b>INCOME</b>		
	<b>Government and Provincial</b>		
31 708 331	Grants and Subsidies	20 683 420	31 708 000
23 334 623	Revenue from Rates	18 542 165	24 703 000
115 396 292	Revenue from tariffs,service levies,etc	4 560 012	101 215 590
11 319 854	Other	406 035	36 400 840
15 966 494	Interest earned	3 405 054	9 395 680
<b>197 725 595</b>		<b>47 596 687</b>	<b>203 423 110</b>
		0	
	<b>EXPENDITURE</b>		
78 380 325	Salaries and Allowances		72 823 647
103 748 351	General Expenses		118 846 992
4 102 303	Repairs and Maintenance		8 821 471
0	Capital Costs		
1 807 490	Contributions to Fixed Assets		2 931 000
	Contributions		
<b>188 038 469</b>	Gross Expenditure	<b>0</b>	<b>203 423 110</b>
0	Less:Amount charged out	0	
<b>188 038 469</b>	Nett Expenditure	<b>0</b>	<b>0</b>
9 687 126		47 596 687	

**DETAILED INCOME STATEMENT FOR THE TWO MONTH PERIOD ENDED AUGUST 2008  
FOR LEKWA LOCAL MUNICIPALITY**

2006/2007 ACTUAL INCOME	2006/2007 ACTUAL EXPENDITURE	2007/2008 SURPLUS / DEFICIT		2008/2009 BUDGET	2008/2009 ACTUAL INCOME	2008/2009 ACTUAL EXPENDITURE	2008/2009 SURPLUS (DEFICIT)	2008/2009 BUDGETED SURPLUS (DEFICIT)
				R	R	R	R	R
<b>RATE AND GENERAL SERVICES</b>								
<b>89 864 610</b>	<b>93 532 324</b>	<b>-3 667 714</b>	<b>Community Services</b>	<b>0</b>	<b>26 058 621</b>	<b>16 172 768</b>	<b>9 885 853</b>	
20 283 679	0	20 283 679	Assesment Rates		4 686 207	0	4 686 207	
757 895	757 895	0	Health		150 531	1 099 710	-949 179	
		0	Municipal Offices		216 260	96 885	119 375	
		0	Recreation		1 320	235 985	-234 665	
		0	Public Works		150	1 707 709	-1 707 559	
		0	Parks		0	600 449	-600 449	
		0	Rental Income		25 962	5 010	20 952	
	69 031 659	-69 031 659	Parking Fees		30	0	30	
0	8 588 570	-8 588 570	Personnel		51 950	115 486	-63 536	
53 504 767	0	53 504 767	Council General		14 742 419	5 144 498	9 597 921	
			Coporate Services		741	1 386 594	-1 385 853	
			Data Section		0	2 502	-2 502	
			Credit Control Section		0	3 984	-3 984	
			Night soil		1 388	0	1 388	
			Manager Technical Services		4 582	664 003	-659 421	
			Assets Financing fund		158 332		158 332	
			Capital AFF			200 052	-200 052	
			Capital Grants			271 683	-271 683	
		0	Sport Centre		2 285	0	2 285	
		0	Other Income		2 547 865	270 000	2 277 865	
		0	Streets			1 158 241	-1 158 241	
13 500 000	13 500 000	0	Town Treasury		3 468 599	3 209 975	258 624	
	0	0	Taxis				0	
1 818 270	1 654 200	164 070	Traffic				0	
<b>363 956</b>	<b>363 956</b>	<b>0</b>	<b>Subsidised Services</b>	<b>0</b>	<b>97 423</b>	<b>2 299 913</b>	<b>-2 202 490</b>	
333 792	333 792		Cementary		41 049	133 510	-92 461	
			Library		361	162 561	-162 200	
			Fire Brigade			887 711	-887 711	
			Town Lands		3 210	19 775	-16 565	
30 164	30 164	0	Clinic			957 868	-957 868	
			Municipal Buildings		8 777	113 051	-104 273	
			Taxi Rank		807	2 136	-1 329	
			Pensioners		0	52	-52	
			Swimming Pool			11 325	-11 325	
0	0		Hostel		43 219	11 923	31 296	
<b>12 989 292</b>	<b>10 512 603</b>	<b>2 476 689</b>	<b>Economical Services</b>	<b>0</b>	<b>4 367 719</b>	<b>3 188 629</b>	<b>1 179 090</b>	
			Store			171 940	-171 940	
			Chalets		1 886	0	1 886	
			Pounds			17 239	-17 239	
			Dam			19 179	-19 179	
			Registration / Licensing		262 275	414 555	-152 280	
			Connection fees		26 077	48 593	-22 515	
			Economic Housing		1 149	150	999	
12 989 292	10 512 603	2 476 689	Sewerage		2 642 902	1 042 380	1 600 523	
			Cleansing		1 433 429	1 474 593	-41 163	
<b>79 691 658</b>	<b>69 804 612</b>	<b>9 887 046</b>	<b>TRADING SERVICES</b>	<b>0</b>	<b>17 072 924</b>	<b>13 554 039</b>	<b>3 518 885</b>	
58 191 968	51 235 689	6 956 279	Electricity		13 095 830	11 189 848	1 905 982	
21 499 690	18 568 923	2 930 767	Water		3 977 094	2 364 191	1 612 903	
<b>182 909 516</b>	<b>174 213 495</b>	<b>8 696 021</b>	<b>TOTAL</b>		<b>47 596 687</b>	<b>35 215 348</b>	<b>12 381 338</b>	
		-41 935 756	Appropriations for the year				298 009	
		-33 239 735	Nett surplus (Deficit) for the year				12 679 347	
		56 463 671	Accumulated surplus (Deficit) at the beginning of the year				87 483 109	
		<b>23 223 936</b>	<b>Accumulated surplus (Deficit) at the end of the year</b>				<b>100 162 456</b>	

**APPENDIX F**

**TARIFFS 2007-2008**

<b><u>WATER</u></b>		<b>2007/2008</b>		<b>2008/2009</b>	
BASIC WATER		15.82		17.40	
DOMESTIC BUSINESS	1-10 KL		2.72		2.99
701 & 702	11-25KL		3.37		3.71
	26-50 KL		4.88		5.37
	51-9999KL		6.88		7.57
SCHOOLS & GOVERNMENT	1-10 KL		2.72		2.99
707	11-25 KL		3.37		3.71
	26-9999 KL		4.88		5.37
FARMS INSIDE MUNICIPAL BORDERS	1-10 KL		3.00		3.30
705	11-25KL		3.73		4.10
	26-50 KL		5.52		6.07
	51-9999KL		7.82		8.60
INDUSTRIES			3.37		3.71
MORGENZON	1-10 KL		2.72		2.99
	11-25KL		3.37		3.71
	26-50 KL		4.88		5.37
	51-9999KL		6.88		7.57
<b>FREE WATER</b>	<b>6KL</b>		16.32		17.94
<b><u>ELECTRICITY</u></b>					
RESIDENTIAL	501	19.82	0.3632	20.91	0.3832
PRE PAID	520	6.23	0.3632	6.57	0.3832
LIFELINE	521	-	0.4125		0.4352
HOSPITAL, SPORT CLUB, EDUCATIONAL INSTITUTIONS	503	-	0.3632		0.3832
BUS, GOV, TRANSNET, PRIV HOSP & EDUC, CHURCHES	502	49.47	0.4071	52.19	0.4295
HIGH VOLTAGE	507	768.91	0.1400	1 050.56	0.1477
KVA			56.9400		60.0717
FARMS, EARLY BIRD	504	49.47	0.4071	52.19	0.4296
HIGH VOLTAGE OUTSIDE	509	768.91	0.1400	1 050.56	0.1477
KVA (no distribution losses)			56.9400		60.0717
KVA (distribution losses)					0.1655
<b>FREE ELECTRICITY</b>	<b>50 KWH</b>		18.1600		19.1600
<b><u>REFUSE</u></b>					
DOMESTIC - STANDERTON	801	41.64		45.80	
DOMESTIC - SAKHILE	820	29.75		32.73	
DOMESTIC - MORGENZON	801	29.20		32.12	
BUSINESS - STANDERTON	802	109.06		119.97	
BUSINESS - MORGENZON	802	58.03		63.83	
BULK	803	614.63		676.09	
VACCUM TANKS	809	138.76	21.65	152.64	21.65
<b><u>SEWERAGE</u></b>					
DOMESTIC, BUSINESS	301	76.25		83.88	
SAKHILE	620	43.00		47.30	
MORGENZON		27.91		30.70	
INDUSTRIAL - ADDITIONAL SEWERAGE PER KL	602		3.09	3.40	
<b><u>ASSESSMENT RATES</u></b>					
RESIDENTIAL 1 (HOUSES)	101	14.977%		16.774%	
RESIDENTIAL 2 (FLATS)	102	15.951%		17.865%	
BUSINESS	103	21.816%		24.434%	
GOVERNMENT	119	17.453%		24.434%	

STATISTIC ON CONSUMER ACCOUNTS

	<b>ACCOUNTS</b>	<b>METERS</b>
Active account	28018	26337
Inactive Accounts	6144	2209
<b>Total Accounts</b>	<b>34162</b>	<b>28546</b>